

**AUDITED FINANCIAL STATEMENTS OF THE  
DEMERARA HARBOUR BRIDGE CORPORATION**

**FOR THE YEAR ENDED  
31 DECEMBER 2013**

**CONTRACTED AUDITORS: HLB, R.SEEBARRAN & CO.  
CHARTERED ACCOUNTANTS/  
BUSINESS AND FINANCIAL  
SERVICES**

**AUDITORS: AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA**

AUDITED FINANCIAL STATEMENTS OF THE  
DEMERARA HARBOUR BRIDGE CORPORATION  
FOR THE YEAR ENDED 31 DECEMBER 2013

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## *Audit Office of Guyana*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana*

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253/PC: 70/2/2015

December 16, 2015

Mr. Rawlston Adams  
General Manager  
Demerara Harbour Bridge Corporation  
Peter's Hall  
East Bank Demerara.

Dear Mr. Adams,


RE: AUDIT OF THE FINANCIAL STATEMENTS  
DEMERARA HARBOUR BRIDGE CORPORATION  
FOR THE YEAR 2013

Please find attached two (2) copies of the audited financial statements, together with the report of the Auditor General, thereon.

Should you need any further explanation, please do not hesitate to contact us.

With best regards.

Yours sincerely,

  
Joan Dillon  
Audit Manager  
for Auditor General



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AG: 130/2015

16 December, 2015

REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE BOARD OF DIRECTORS  
OF THE DEMERARA HARBOUR BRIDGE CORPORATION  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

Chartered Accountants HLB R. Seebarran and Company have audited on my behalf the financial statements of Demerara Harbour Bridge Corporation as set out on pages 1 to 22, which comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The audit was conducted in accordance with the Audit Act 2004.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, working papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Demerara Harbour Bridge Corporation as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying my opinion, I draw attention to note 2(r) which explains that the Corporation was directed by Cabinet following a meeting held on June 25, 2013 to transfer the management of the Bitumen Plant at Garden of Eden from the Transport and Harbours Department to the Corporation. At the time of take over only fixed assets and inventories were included in the Corporation's financial statements.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

**Independent Auditors' Report  
To the Auditor General on the Financial Statements of  
Demerara Harbour Bridge Corporation  
For the year ended December 31, 2013**

We have audited the accompanying financial statements of **Demerara Harbour Bridge Corporation**, which comprise the statement of financial position as at December 31, 2013, the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 1 to 22.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view in all material respects, the financial position of Demerara Harbour Bridge Corporation as at December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to note 2(x) which explains that the Corporation was directed by Cabinet following a meeting held on June 25, 2013 to transfer the management of the Bitumen Plant at Garden of Eden from the Transport and Harbours Department to the Corporation. At the time of take over only fixed assets and inventories were included in the Corporation's financial statements.

*HLB, R. Seebarran 'slo*

HLB, R. Seebarran & Co  
73 Canje Street & Stone Avenue,  
Section 'K', Campbellville  
Georgetown

December 7, 2015

**DEMERARA HARBOUR BRIDGE CORPORATION****Statement of Financial Position****As at December 31, 2013**

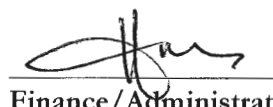
	Notes	2013 G\$000	2012 G\$000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment etc	3	1,443,342	1,168,123
<b>Total non-current assets</b>		<b>1,443,342</b>	<b>1,168,123</b>
<b>Current assets</b>			
Inventory	4	1,067,351	1,102,662
Trade and other receivables	5	499,431	640,586
Cash and cash equivalents	6	162,819	99,544
<b>Total current assets</b>		<b>1,729,601</b>	<b>1,842,792</b>
<b>Total Assets</b>		<b>3,172,943</b>	<b>3,010,915</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital &amp; reserves</b>			
European Union Contribution	7	-	6,528
Government contribution	8	2,558,574	2,577,610
Asphalt plant surplus		120,868	-
Accumulated surplus		485,103	407,145
		<b>3,164,545</b>	<b>2,991,282</b>
<b>Current liabilities</b>			
Trade and other payables	9	8,398	19,633
<b>Total current liabilities</b>		<b>8,398</b>	<b>19,633</b>
<b>Total equity &amp; liabilities</b>		<b>3,172,943</b>	<b>3,010,915</b>

These financial statements were approved by the Board of Directors for issue on \_\_\_\_\_

On behalf of the board of Directors



General Manager



Finance/Administrative Manager

The accompanying notes form an integral part of these financial statements



**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Statement of Comprehensive Income**  
**For the year ended December 31, 2013**

	Notes	2013 G\$000	2012 G\$000
Income	10	457,196	419,143
		<u>457,196</u>	<u>419,143</u>
Less:			
Operating expenses	11	352,591	334,174
<b>Gross surplus</b>		<u>104,605</u>	<u>84,969</u>
Add:			
Other Income	12	23,412	26,249
		<u>128,017</u>	<u>111,218</u>
<b>Less Expenses</b>			
Administrative	13	86,971	-75,095
Directors' fee	14	624	624
Total expenses		<u>87,595</u>	<u>75,719</u>
<b>Net surplus for the year from operation</b>		<u>40,422</u>	<u>35,499</u>
<b>Other comprehensive income</b>			
Amortisation of EU grants	7	6,528	20,976
Changes in amortisation of Government reserve	8	24,809	(45,276)
Ministry of Public Works funding to the Asphalt Plant	9	6,200	-
Asphalt Plant revenue	15	57,295	-
		<u>94,831</u>	<u>(24,300)</u>
Revaluation surplus	17	-	47,118
<b>Total other comprehensive Income for the year</b>		<u>94,831</u>	<u>22,818</u>
<b>Net surplus for the year</b>		<u>135,253</u>	<u>58,317</u>
<b>Accumulated surplus at January 1</b>		<u>407,145</u>	<u>306,067</u>
Adjustment to inventories	18	-	42,760
<b>Accumulated surplus at December 31</b>		<u><u>542,398</u></u>	<u><u>407,144</u></u>

*The accompanying notes form an integral part of these financial statements*

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Statement of Changes in Equity**  
**For the year ended December 31, 2013**

	EU Contribution G\$000	Government Grant G\$000	Asphalt Plant G\$000	Accumulated Surplus G\$000	Total G\$000
<b>Balance at December 31, 2011</b>	27,504	2,631,763	-	306,068	2,965,335
Surplus for the year	-	-	-	35,499	35,499
Changes in net Government Contribution reserve	-	-	-	(45,276)	(45,276)
Subvention for the year	-	270,000	-	-	270,000
Prior year adjustment	-	-	-	42,760	42,760
Revaluation surplus	-	-	-	47,118	47,118
Amortisation for the year	(20,976)	(324,153)	-	20,976	(324,153)
<b>Balance at December 31, 2012</b>	<b>6,528</b>	<b>2,577,610</b>	<b>-</b>	<b>407,145</b>	<b>2,991,282</b>
Reserve on take over	-	-	63,573	-	63,573
Surplus for the year	-	-	57,295	40,422	97,717
Changes in net Government Contribution reserve	-	-	-	24,809	24,809
Contribution by ministry of Public Works	-	-	-	6,200	6,200
Subvention for the year	-	300,000	-	-	300,000
Amortisation for the year	(6,528)	(319,036)	-	6,528	(319,036)
<b>Balance at December 31, 2013</b>	<b>-</b>	<b>2,558,573</b>	<b>120,868</b>	<b>485,103</b>	<b>3,164,545</b>

*The accompanying notes form an integral part of these financial statements*

**DEMERARA HARBOUR BRIDGE CORPORATION****Statement of Cash Flows****For the year ended December 31, 2013**

	<b>2013</b>	<b>2012</b>
	<b>G\$000</b>	<b>G\$000</b>
<b>Cash flows from operating activities</b>		
Net surplus for the year	40,422	35,499
Asphalt Plant Surplus	120,868	-
Ministry of Public Works funding to the Asphalt Plant	6,200	-
Depreciation charge	68,680	57,085
Prior year adjustment	-	42,760
<b>Operating surplus before changes in working capital</b>	<b>236,170</b>	<b>135,344</b>
<b>Changes in working capital</b>		
(Increase)/decrease in inventories	35,311	3,797
(Increase)/decrease in trade and other receivables	141,155	(44,518)
Increase/(decrease) in trade and other payables	(11,235)	8,307
<b>Net changes in working capital</b>	<b>165,231</b>	<b>(32,414)</b>
<b>Cash generated from operations</b>	<b>401,401</b>	<b>102,930</b>
<b>Net cash flow from operating activities</b>	<b>401,401</b>	<b>102,930</b>
<b>Cash flows from investing activities</b>		
Property, plant & equipment - acquisitions	(638,126)	(359,181)
<b>Net cash flows from investing activities</b>	<b>(638,126)</b>	<b>(359,181)</b>
<b>Cash flows from financing activities</b>		
Government subvention received	300,000	270,000
<b>Net cash flows from financing activities</b>	<b>300,000</b>	<b>270,000</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalent</b>	<b>63,275</b>	<b>13,749</b>
Cash & cash equivalents at January 01,	99,544	85,795
Cash & cash equivalents at December 31,	<b>162,819</b>	<b>99,544</b>
<b>Cash &amp; cash equivalents as shown in the statement of financial position</b>		
Cash & cash equivalent	162,819	99,544
<b>Total</b>	<b>162,819</b>	<b>99,544</b>

*The accompanying notes form an integral part of these financial statements*

# DEMERARA HARBOUR BRIDGE CORPORATION

## Notes to the Financial Statements

For the year ended December 31, 2013

### **1 Incorporation and principal activity**

The Corporation was incorporated through an Act of Parliament (ACT No. 2 of 2003, Demerara Harbour Bridge Act 2003) on April 30, 2003. The functions of the Corporation are (a) To collect the tolls prescribed for every vehicle for its passage on the bridge; (b) To collect the marine tolls for ocean going vessels, trawlers and coastal vessels for their passage through the Bridge; (c) To collect all fees, dues or other monies payable to the Corporation under any regulations made under the Road Act; (d) To carry on all other activities the carrying on of which appears to be requisite, advantageous or convenient for or in connection with the discharge of its functions.

### **Background information**

The Demerara Harbour Bridge is a floating steel structure 6,074 feet in length which extends across the Demerara River from Peter's Hall on the East Bank to Pln. Meer Zorgen on the West Bank, Demerara. It was commissioned August 2, 1978. An average of 8,500 vehicles transmits the bridge daily.

It is a vital link between Regions 3 and 4 and enables ready access of agricultural and manufacturing goods and product to markets and ports in Georgetown and other outlying areas. The bridge superstructure is of galvanized steel and has been in place serving the populace since 1978 (36 years). There were problems with the pontoons during the period 1988-1994. However, during the period 1995-1998, a total of 104 of the 122 pontoons were rehabilitated under the DHB Rehabilitation Project financed by the European Union at a cost of some US\$10m. Also, under this project was the Rehabilitation of the Retractor Spans which now enable them to operate more reliable and efficiently.

The Demerara Harbour Bridge operated under various Management Structure since its inception but in the Financing Agreement signed by the European Union and the Government of Guyana, it was agreed that the entity would be autonomous. As such, in May 2003, the Government through an Act of Parliament created a Public Corporation namely the Demerara Harbour Bridge Corporation to manage and operate the structure. The Corporation's aim is to provide a safe and reliable public service. It is managed by a Board of Directors appointed by the Minister of Public Works.

### **2 Significant accounting policies**

#### **(a) Basis of preparation**

These financial statements have been prepared under the historical cost convention and no account has been taken of inflation. The accounting policies conform with International Financial Reporting Standards (IFRS).

#### **(b) Adoption of new and revised International Financial Reporting Standards (IFRSs)**

The following amendments and interpretations to published standards are effective for the current financial statements period but it has been determined that they have an immaterial impact on the financial statements or are not relevant to the company's operations:

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2013**

**New standards and interpretations adopted**

IAS 1

Amendments to IAS 1 - Presentation of Other Comprehensive Income - (effective July 1, 2012)

IAS 12 Amendments to IAS 12 - Income Taxes - (effective January 1, 2012)

IFRS 1 Amendments for Government Loan with a below market rate of interest when transitioning to IFRSs. (effective January 1, 2013)

IFRS 7 Financial Instruments: Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities - (effective January 01, 2013)

IFRS 11 Joint Arrangements - (effective January 1, 2013)

IFRS 13 Fair Value Measurement - (effective January 1, 2013)

IAS 19 Employee Benefits (amendment) (effective January 1, 2013)

IAS 27 Separate Financial Statements (effective January 1, 2013)

IAS 28 Investments in Associates - Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) - (effective January 01, 2013)

**New interpretation**

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective January 1, 2013)

**New standards, interpretations and amendments issued but not yet effective**

**New and amended standards**

IFRS 9 Financial Instruments: Classification and Measurement - (effective January 1, 2015)

IFRS 10 Consolidated Financial Statements - (effective January 1, 2014)

IFRS 12 Disclosure of Interests in Other Entities - (effective January 1, 2014)

IAS 32 Financial Instruments: Presentation-Amendments to application guidance on the offsetting of financial assets and financial liabilities - (January 01, 2014)

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (effective January 1, 2014)

IAS 39 Derivatives and Continuation of Hedge Accounting(effective January 1, 2014)

IAS 27 Separate Financial Statements(effective January 1, 2014)

IAS 19 Defined Benefit Plans: Employee Contributions ( effective July 1, 2014)

The Corporation has not opted for early adoption of these standards and amendments.

**New interpretation**

IFRIC 21 Provides guidance on when to recognise a liability for a levy imposed by a government ( effective January 1, 2014)

The standards and amendments that are expected to have a material impact on the Company's accounting policies when adopted are explained below.

## DEMERARA HARBOUR BRIDGE CORPORATION

### Notes to the Financial Statements

For the year ended December 31, 2013

#### New interpretation (contin

##### IFRS 9

The IASB proposed to issue this IFRS in three phases: Phase 1 (Classification and measurement of financial assets and liabilities), Phase 2 (Impairment methodology), and Phase 3 (Hedge Accounting). The first phase was issued in November 2009 and was initially required to be applied from 1 January 2013. However, new requirements were added in November 2010 and the revised date for adoption is now January 1, 2015. This standard specifies how an entity should classify and measure its financial assets.

The application of IFRS 9 may have significant impact on amounts reported in respect of the Company's financial assets and financial liabilities when adopted and will be disclose.

When adopted, the standard will be applied retrospectively in accordance with IAS 8.

##### IFRS 12

This standard requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

##### IAS 32

Amends the disclosure requirements in IFRS 7 Financial Instruments, to require information about all recognised financial instruments that are set off.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements.

The directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

##### IAS 1

The amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories, items that will be reclassified to the profit and loss subsequently and items that will not be reclassified to the profit or loss.

The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

## **DEMERARA HARBOUR BRIDGE CORPORATION**

### **Notes to the Financial Statements**

**For the year ended December 31, 2013**

#### **(c) Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation and uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

##### **i) Useful lives of Property, plant and equipment**

Management reviews the estimated useful lives of property, plant and equipment at the end of each year to determine whether the useful lives should remain the same.

##### **ii) Impairment of financial assets**

Management makes judgement at the end of each reporting period to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

#### **(d) Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### **(e) Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2013**

**Significant accounting policies (continued)**

**(f) Income Recognition**

Income is dealt with in these financial statements on the accrual basis. Income comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the corporation's activities.

**(g) Expense**

Expenses are recognised on the accrual basis.

**(h) Reporting Currency**

These financial statements are stated in Guyana dollars. Foreign currency transactions during the year are translated at the exchange rates prevailing at the date of the transaction. At the end of the reporting period, assets and liabilities denominated in foreign currencies are translated into Guyana dollars at the exchange rates ruling at that date. Gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income for the period, except for exchange differences arising on non-monetary assets and liabilities where the change in fair value are recognised in the statement of comprehensive income.

**(i) Non - Current Assets**

Property, plant & equipment.

Property, Plant & equipment are stated at historical cost less accumulated depreciation. Depreciation is charged from the month of acquisition and is provided on the straight line basis at rates sufficient to write off the assets over their estimated useful lives . The rates used are as follows:

Buildings	10%
Motor Vehicles	25%
Office furniture/fittings	15%
Electronic equipment (computers etc)	33.33%
Equipment (office, mechanical, electrical, etc)	15%
<b>Bridge components</b>	
(i) End post/junction post, sheaves etc	25%
(ii) Pontoons	6.67%
(iii) Wire Ropes	50%
(iv) Chains	25%



**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2013**

**Significant accounting policies (continued)**

**(j) Impairment of tangible assets**

At each reporting date, management reviews the carrying amounts of the tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognized immediately in the profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**(k) Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or administrative decisions.

**(l) Inventory**

Inventory comprised mainly of Deck plates, chains, spares and consumables which are stated at the lower of cost and net realizable value. Cost is calculated based on invoice value plus duty and freight and any other direct costs. Inventory is issued using the first in first out method.

**(m) Trade and other receivables**

The corporation's income is made on the basis of normal credit terms, and receivables do not bear interest. Trade and other receivables are recognised initially at fair value.

**(n) Cash and cash equivalents**

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments. These are readily convertible to known amounts of cash, with maturity dates of three (3) months or less.

**(o) Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2013**

**Significant accounting policies (continued)**

**(p) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, if it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

**(q) Taxation**

The corporation is not subject to taxation

**(r) Asphalt Plant Operation**

The Corporation was directed by the Cabinet, resulting from a meeting held on June 25 2013, to transfer the Bitumen Plant at Garden of Eden from the supervision of the Transport and Harbours Department to the Corporation. At the time of takeover only fixed assets and inventories were recognised in the corporation financial statements.

EMERARA HARBOUR BRIDGE CORPORATION  
 Notes to the Financial Statements  
 for the year ended December 31, 2013

	EU funded	Funded by Government of Guyana				Operational					Asphalt Plant			Total G\$000	
	Development Works G\$000	Rehabilitation/ Development Works G\$000	Vehicles G\$000	Equipment and Machinery G\$000	Rehabilitation/ Development Works G\$000	Buildings G\$000	Furnitures & Fixtures G\$000	Vehicles G\$000	Equipment and Machinery G\$000	Electronic Equipment G\$000	Plant & Scale G\$000	Building G\$000	Vehicles G\$000		Equipment G\$000
<b>Costs</b>															
<b>At January 1, 2013</b>	1,380,135	3,149,198	4,481	10,338	232,596	81,706	7,902	65,187	54,018	52,005	-	-	-	-	5,037,565
Additions	-	491,278	-	-	586	29,500	5,408	20,030	8,741	28,043	22,950	26,650	1,200	3,740	638,126
<b>At December 31, 2013</b>	1,380,135	3,640,476	4,481	10,338	233,182	111,206	13,310	85,217	62,759	80,048	22,950	26,650	1,200	3,740	5,675,692
<b>Accumulated Depreciation</b>															
At January 1, 2013	1,373,607	2,201,826	4,481	6,203	154,171	3,853	4,510	42,156	32,978	45,659	-	-	-	-	3,869,442
Depreciation charged for the Year	6,528	286,149	-	1,551	22,397	5,531	1,804	12,866	7,118	13,526	3,234	1,333	300	571	362,908
Depreciation written back	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At December 31, 2013</b>	1,380,135	2,487,975	4,481	7,754	176,568	9,384	6,314	55,022	40,096	59,185	3,234	1,333	300	571	4,232,350
<b>Net Book Value</b>															
<b>At January 1, 2013</b>	6,528	947,372	-	4,135	78,425	77,854	3,392	23,032	21,040	6,346	-	-	-	-	1,168,123
<b>At December 31, 2013</b>	-	1,152,501	-	2,585	56,614	101,822	6,996	30,195	22,663	20,863	19,716	25,318	900	3,169	1,443,342

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2013**

**4 Inventory**

The composition of inventory is as follows:

	<u>2013</u> <u>G\$000</u>	<u>2012</u> <u>G\$000</u>
Deck plates, spares & consumables etc	1,067,351	1,102,662
	<u>1,067,351</u>	<u>1,102,662</u>

**5 Trade and other receivables**

The balance shown as trade and other receivables includes monies owed by customers, Government agencies, and advances to suppliers. The composition is as follows:

Trade receivables		857	427
Other receivables	(a)	72,207	71,417
Prepayments	(b)	426,367	568,741
		<u>499,431</u>	<u>640,586</u>

(a) This balance includes an amount of \$67,767,917 owed by the Ministry of Public Works for services provided.

(b) This balance concerns advances made to contractors for the provision and servicing of pontoons and other assets. Included in the balance is \$332,409,954 made to Courtney Benn Contracting Services Limited.

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2013**

<b>6 Cash &amp; cash equivalents</b>	<b>2013</b> <b>G\$000</b>	<b>2012</b> <b>G\$000</b>
Cash and cash equivalent are comprised of cash on hand and cash at bank as follow:		
Cash on hand	178	178
Cash-at-Bank	162,641	99,366
	<u>162,819</u>	<u>99,544</u>

**7 European Union Grant**

During the period 1995 - 1998, a total of 104 pontoons were rehabilitated under the DHB Rehabilitation Project financed by the European Union at a cost of US\$10M. The grant is amortised by the depreciation of the assets funded by the grant.

Balance at January 1	6,528	27,503
Amortisation for the year	(6,528)	(20,976)
Balance at December 31,	<u>-</u>	<u>6,528</u>

**8 Government contribution**

All contributions received from the Government of Guyana are amortised by the depreciation of the assets funded by the grants received.

Balance at January 1	2,577,610	2,631,763
Amortisation of fixed assets for the year	(287,700)	(348,453)
Movements in inventories/fixed assets for the year	(31,336)	24,300
Amount received during the year	300,000	270,000
Balance at December 31,	<u>2,558,574</u>	<u>2,577,610</u>

The amount stated as Government's grant is represented by the following assets:

Inventory	977,121	1,046,428
Equipment, vehicles and machinery	1,155,086	962,441
Advance to suppliers for pontoons repairs and supply of spares	426,367	568,741
	<u>2,558,573</u>	<u>2,577,610</u>

**DEMERARA HARBOUR BRIDGE CORPORATION**  
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**For the year ended December 31, 2013**

	<u>2013</u> <u>G\$000</u>	<u>2012</u> <u>G\$000</u>
<b>Government contribution (continued)</b>		
<b>Changes in amortisation of reserve</b>		
Amortisation of government grants	319,036	324,153
Depreciation on assets relating to grants	(294,228)	(369,429)
Charged to statement of other comprehensive income	<u>24,809</u>	<u>(45,276)</u>

**9 Trade and other payables**

The amount shown as trade and other payables represents monies owed to suppliers and advance received . The details are as follow:

Trade payables and accruals	8,398	13,433
Government (a)	-	6,200
	<u>8,398</u>	<u>19,633</u>

(a)

This amount was received form the Ministry of Public Works and Communications to build an access bridge at an intended Loam Pit. However, it was later noted that it was no longer feasible due to the quantity of sand available. The money was subsequently used in the Asphaltic Plant operation which commenced in 2013.

**10 Income by segment**

Vehicular toll	412,523	371,646
Marine toll	20,712	22,691
Special crossing	11,081	9,030
Truck scale	12,880	15,776
	<u>457,196</u>	<u>419,143</u>

**11 Operating expenses**

Traffic management services (a)	100,983	89,168
Structural maintenance services (b)	70,291	91,592
Electro/Mechanical services (c)	85,224	69,775
Dredge operation services (d)	15,764	13,454
Security services	15,242	12,045
Contractual works	1,844	1,055
Depreciation	63,243	57,085
	<u>352,591</u>	<u>334,174</u>

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2013**

	<b>2013</b>	<b>2012</b>
	<b>G\$000</b>	<b>G\$000</b>
<b>(a) Traffic management services</b>		
Employment costs	54,539	48,470
Gratuity	7,165	7,555
Electricity	21,372	18,685
Repairs and maintenance	6,420	4,835
Stationery and general expense	5,110	4,426
Cleaning and sanitation	176	142
Fuel & Lubricants	1,118	738
Telephone	141	473
Rental of equipment	653	126
Contractual works	1,510	1,479
Licence and legal fees	2,386	1,492
Gifts/donations	-	386
Advertisement expenses	35	-
Bank charges	359	360
	<b>100,983</b>	<b>89,168</b>
<b>(b) Structural maintenance services</b>		
Employment costs	14,702	16,420
Gratuity	2,075	3,031
Repairs and maintenance	7,799	6,785
Stationery and general expense	834	579
Fuel & Lubricants	551	556
Rental of equipment	818	3,135
Bridge maintenance	25,045	41,016
Advertisement expenses	500	-
Contractual works	17,966	20,070
	<b>70,291</b>	<b>91,592</b>
<b>(c) Electro/Mechanical services</b>		
Employment costs	50,328	44,305
Gratuity	10,386	8,251
Repairs and maintenance	7,257	5,871
Stationery and general expense	2,237	1,224
Fuel & Lubricants	8,072	6,050
Telephone Charges	123	107
Bridge maintenance	6,821	3,966
	<b>85,224</b>	<b>69,775</b>

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2013**

	<b>2013</b>	<b>2012</b>
	<b>G\$000</b>	<b>G\$000</b>
<b>(d) Dredge operation services</b>		
Employment costs	9,809	8,305
Gratuity	1,270	1,161
Stationery and general expense	228	172
Fuel & Lubricants	1,169	658
Repairs and maintenance	3,289	3,158
	<b>15,764</b>	<b>13,454</b>
<b>12 Other income</b>		
Contractual Work (bridge repairs)	17,623	15,376
Rental of equipment	-	115
Sale of tender documents	77	120
Sales of disposable materials	864	31
Penalty fine	185	-
Towing charges	289	379
Settlement of damages	3,956	10,229
Other	418	-
	<b>23,412</b>	<b>26,249</b>
<b>13 Administrative</b>		
Employment costs	49,180	42,721
Gratuity	7,127	7,030
Repairs and maintenance	7,219	4,221
Stationery and general expense	9,115	6,557
Fuel & Lubricants	1,675	2,317
Telephone Charges	1,685	1,421
Advertisement	1,005	918
Electricity	5,343	7,460
Gifts/donations	2,496	2,172
Bank charges	413	278
Other expenses	1,713	-
	<b>86,971</b>	<b>75,095</b>



**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2013**

	<b>2013</b>	<b>2012</b>
	<b>G\$000</b>	<b>G\$000</b>
<b>14 Directors' fee</b>		
Fees paid to the directors of the Corporation for the year are as follows:		
U. Ramanaha	144	144
S. Hussain	120	120
M. Fernandes	120	120
T. Baksh	120	120
C. Rogers	120	120
Director fees paid for the year	<b>624</b>	<b>624</b>
<b>15 Operating segment - Asphalt Plant</b>		
<b>Income</b>		
Ministry of Public Works	45,737	-
Other revenue	239,493	-
	<b>285,231</b>	<b>-</b>
<b>Expenditure</b>		
Aggregates	39,395	-
Bitumen	109,150	-
Kerosene	39,525	-
Fuel and lubricants	3,288	-
Repair and maintenance services	21,928	-
Administration exp.	9,213	-
Depreciation	5,438	-
	<b>227,936</b>	<b>-</b>
<b>Operating surplus</b>	<b>57,295</b>	<b>-</b>
<b>16 Key management personnel</b>		
The key management personnel of the corporation are as follow:		
Rawlston Adams - General Manager		
Jaikarran Jagnanan - Finance/Admin Manager		
Brion Singh - Maintenance Engineer		
Joseph Gladstone - Mechanical Engineer		
Gross remuneration paid to the key management personnel for the year which is included in employment costs is as follow:		
<b>Gross remuneration and gratuity</b>	18,095	18,095
	<b>18,095</b>	<b>18,095</b>

**DEMERARA HARBOUR BRIDGE CORPORATION**

**Notes to the Financial Statements**

**For the year ended December 31, 2013**

**17 Revaluation**

Management reviewed the corporation's fixed assets and noted that the value of some assets in the financial statements were below their carrying amounts, while some were above their carrying amounts at year end. As result, these assets were revalued to their carrying amounts.

**18 Adjustment to inventories**

This balance concerns the difference between the stock valuation report and the balance reported in the company's software.

**19 Pending litigations**

There is no pending litigation at the time of the audit

**20 Analysis of financial assets and liabilities by measurement basis**

	Loans & receivable G\$000	Other Financial assets and liabilities at amortised cost G\$000	Total G\$000
<b>December 31, 2013</b>			
<b>ASSETS</b>			
Inventories	-	1,067,351	1,067,351
Trade and other receivables	499,431	-	499,431
Cash and cash equivalents	-	162,819	162,819
	<b>499,431</b>	<b>1,230,170</b>	<b>1,729,601</b>
<b>LIABILITIES</b>			
Trade and other payables	-	8,398	8,398
<b>December 31, 2012</b>	<b>-</b>	<b>8,398</b>	<b>8,398</b>
<b>ASSETS</b>			
Inventories	-	1,102,662	1,102,662
Trade and other receivables	640,586	-	640,586
Cash and cash equivalents	-	99,544	99,544
	<b>640,586</b>	<b>1,202,206</b>	<b>1,842,792</b>
<b>Liabilities</b>			
Trade and other payables	-	19,633	19,633
	<b>-</b>	<b>19,633</b>	<b>19,633</b>

# DEMERARA HARBOUR BRIDGE CORPORATION

## Notes to the Financial Statements

For the year ended December 31, 2013

### 20 Financial Risk Management

#### **Financial risk management objectives**

The Corporation's management monitors and manages the financial risks relating to the operations of the company on an ongoing basis. These risks include market risk (currency risk, and price risk), credit risk and liquidity risk.

The corporation seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, and credit risk which are approved by the Board.

#### (a) Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors ( such as interest rate risk, and foreign currency risk) affecting all securities traded in the market.

The corporation's exposure to market risk arises from its financial assets and liabilities. Management continually identifies, evaluates, and diversifies risks in order to minimise the total cost of carrying such risk.

#### (i) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The corporation risks that are associated with the effects in interest rates is considered minimal.

#### (ii) Currency risk

The Corporation's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from foreign currency transactions with its suppliers. The currency which the Corporation is mainly exposed to is United States Dollars. The effect of this risk is considered minimal.

#### (b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The Corporation manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

The following table shows the distribution of assets and liabilities by maturity:

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2013**

**Financial Risk Management (continued)**

**Liquidity risk**

	<b>2013</b>		
	<b>&lt;1 years G\$000</b>	<b>1 to 5 years G\$000</b>	<b>Total G\$000</b>
<b>Assets</b>			
Trade and other receivables	-	499,431	499,431
Cash and cash equivalents	162,819	-	162,819
	<u>162,819</u>	<u>499,431</u>	<u>662,250</u>
<b>Liabilities</b>			
Trade and other payables	8,398	-	8,398
	<u>8,398</u>	<u>-</u>	<u>8,398</u>
Net assets/(Liabilities)	<u><b>154,421</b></u>	<u><b>499,431</b></u>	<u><b>653,852</b></u>

	<b>2012</b>		
	<b>&lt;1 years G\$000</b>	<b>1 to 5 years G\$000</b>	<b>Total G\$000</b>
<b>Assets</b>			
Trade and other receivables	-	640,586	640,586
Cash and cash equivalents	99,544	-	99,544
	<u>99,544</u>	<u>640,586</u>	<u>740,130</u>
<b>Liabilities</b>			
Trade and other payables	19,633	-	19,633
	<u>19,633</u>	<u>-</u>	<u>19,633</u>
Net assets/(Liabilities)	<u><b>79,911</b></u>	<u><b>640,586</b></u>	<u><b>720,497</b></u>

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2013**

**Financial Risk Management (continued)**

**(c) Credit risk**

Credit risk is the risk that financial loss may arise from the failure of customers or counterparties to meet their contractual obligations. The credit risk arises principally from cash resources, and receivables.

Cash and bank include balances held at financial institutions. These banks have been assessed by the Directors as being credit worthy, with strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

For receivables, the company has adopted a policy of offering limited credits to approved customers (companies).

The corporation's exposure to credit risk are continuously being monitored by managements to ensure that amounts/services are recovered on a timely basis and that bad debts are minimised.

**Maximum exposure to credit risk without taking account of any collateral and other credit enhancements.**

The table below shows the Corporation's maximum exposure to credit risk.

	<b>2013</b>	<b>2012</b>
	<b>G\$000</b>	<b>G\$000</b>
<b>Gross maximum exposure:</b>		
Trade and other receivables	499,431	640,586
Cash and cash equivalents	162,819	99,544
<b>Total credit risk exposure</b>	<b>662,250</b>	<b>740,130</b>

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

**21 Capital risk management**

The Corporation manages its capital structure to ensure that it will be able to continue as a going concern while maximising its returns through the optimisation of Contributions received and equity (retained earnings) balance. The Corporation's overall strategy remains unchanged to date.

The capital structure of the Corporation consists of cash equivalents and equity comprising contribution received and retained earnings.

December 7, 2015

The Board of Directors  
Demerara Harbour Bridge Corporation  
Peters Hall,  
East Bank Demerara,  
Guyana

Dear Sirs,

**Re: Management Letter for the year ended December 31, 2013**

We have completed the field work for the Corporation for year ended December 31, 2013. The audit was conducted in accordance with the requirements of the International Standards on Auditing and the Companies Act 1991, to determine the effectiveness, compliance and application of the company's systems and procedures to records its transactions and to give an audit opinion on the financial statements for the year ended December 31, 2013.

As a result of the audit, the following observations and matters came to our attention which we believe should be brought to your attention along with our comments and recommendations.

These matters are not exhaustive as a detailed investigation may uncover, but we urge you to pay keen attention to them. We now await your response under each point before the audit is finalized.

**1. Accounting systems and internal controls**

**Reporting matter**

It was noted during the audit that management used Peachtree accounting software to prepare the corporation's financial statements and an Independent Quickbooks accounting software to manage its inventories.

Further, in September 2013, management was directed by the Cabinet to manage the operations of the Asphalt Plant located at Garden of Eden. The financial transactions for this entity are being managed in Microsoft Excel.

## **Effects**

The usage of two independent software to carry out separate function can result in differences in inventory balances in the financial statement.

## **Recommendation**

As we did in our previous management letter, we again recommend that management implement integrated software to manage the accounting and inventories functions and the operation of Asphalt Plant, However at the time of the audit (july2015) it was noted that management had implemented a new accounting software QuickBooks to manage both accounting and inventory functions and the operation of the asphalt plant.

Further, it is important that all transactions in the Corporation's name should be recorded in the integrated accounting software (QB) that was established. Also funding received from Government of Guyana should be recorded in the software along with payments made with funding.

## **Management comments**

As noted in the recommendations above, management had implemented (in July 2015) a new accounting software (QuickBooks) to manage both accounting and inventory functions and the operation of the asphalt plant. All transactions for 2015 prior to this date and all current transactions are being recorded in the integrated accounting software (QB),that was established. Also funding received from Government of Guyana will be recorded in the software along with payments made with funding.

## **2. Inventories**

### **Reporting matter**

During the audit of inventories, the following were noted:

- (a) The opening balances as per the Peachtree accounting software did not agree to the audited closing balance for 2012.
- (b) The Peachtree balances amounted to \$633,534,168 credit and the audited financial statements balance was \$1,102,662,000 debit a difference of \$1,736,196,168

- (c) The balance for inventories in the Peachtree software that manages accounting and QuickBooks software did not agree to the balance in the independent Peachtree software used for managing inventories.
- (d) The Peachtree software used for managing inventories did not include any receipts and issues of inventories funded by the Government of Guyana which amounted to \$346,853,098 and \$301,548,884 respectively
- (e) Inventories added to fixed assets were not adjusted in Peachtree and QuickBooks software.
- (f) In reviewing the corporation inventory listing we noted that they were several items of inventory with no unit price or extended value. Management advised that these inventories were taken over many years ago and is being kept in the event that it is required in future.
- (g) Further it was also noted when reviewing the inventory for the Asphalt Plant operation that they were also several items of inventories without unit price or value.
- (h) After the reconciliation of inventories it was noted that the corporation's general ledger was showing a balance of \$1,060,961,979 while the stock report and cards were showing a balance of \$1,056,483,206 a difference of \$4,478,773.

### **Effect**

The amount stated as inventories at December 31, 2013 may be materially incorrect, as was the case last year.

### **Recommendation**

- (a) We recommended that a reconciliation be done monthly to ensure that receipts and issues as per the Store records agree to the software balance. In addition, all inventories should be recorded in the software whether it is purchased by the corporation or using the Government contribution.
- (b) We recommend that the software be corrected by audit journals which will be provided at the end of the audit for issues identified in (a), (b) and (d) above.
- (c) Items of inventories which have been with the Corporation for many years and no longer carry values should be separated. In addition, if values cannot be determined because of age then market values can be used.

### **Management comments**



- (a) With effect from 1<sup>st</sup> January 2013, reconciliations were already being carried out with the software balances and stores records and all differences are reconciled accordingly. Also, all inventories are being recorded in the software.
- (b) As explained in prior years audit, the software does not allow adjustments to be made after the elapse of a specified period. Hence no adjustments could have been made.

However, adjusting entries will be made manually to correct issues identified in (a), (b) and (d) above using the post- audit journals.

- (c) Noted

### **3. Trade and other receivables**

#### **Reporting matter**

The following were noted during the audit:

- (a) Several payments were made in advance to suppliers for services and inventories to be received which totalled \$426,367,000 at December 31, 2013. Included in the balance of \$426,367,000 is an amount of \$332,409,954 owed by Courtney Ben Contracting Services Limited for inventories and services to be provided. We have also noted that some payments were made since 2008 for which services were not received up to the time of completing our audit in 2015.
- (b) As in previous years, we noted that Performance and Advance Guarantee Bonds for prepayments have not been renewed when they expired. At the time of our audit, the Performance and Advance Guarantee Bonds had all expired for the years 2013 and 2014 exception of one.
- (c) Prepayments for Inventories were not adjusted for amounts received during the year which amounted to \$436,759,138.
- (d) Amounts at December 31, 2013 for tolls services were not recorded in the financial statements

#### **Effect**

- (a) The effect of the issues indentified in (c) and (d) above will result in the amount stated as trade and other receivables in the financial statements to be materially incorrect.

- (b) The non-renewal of Performance and Advance Guarantee Bonds when expired could potentially exposed the Corporation to credit risk. Further, the failure to renew Performance and Advance Guarantee Bonds when due for renewal could result in the Corporation having no security in the event that no work or poor quality work is executed by the contractors.

### **Recommendation**

- (a) Management should ensure that securities are renewed on an ongoing basis, taken into consideration that services were not fully received up to December 2014 for payments made in 2008.

In addition, management should consider making payments when the services and inventories are required to avoid having significant cash outlay years in advance. Example, when the pontoons are available to the contractor.

### **Management comments**

- (a) The General Manager explained that some of these services for which advance payments were made can only be provided by the supplier when the pontoons are made available by the corporation to them. The GM also said that the delivery of pontoons to the suppliers are being affected by circumstances such as weather, technical difficulties, etc.

The recommendations made above were noted.

- (b) Adjusting entries will be made to correct issues identified in (c) and (d) above.

## **4. Fixed assets**

### **Reporting matter**

We noted that a Fixed Assets Register is not properly maintained. This is a weakness in internal controls over the existence of the corporation's assets since the serial numbers of the relevant assets are not mentioned and also some assets ( pontoons, wire rope & anchor chains etc) does not have identification numbers in the register . A fixed assets register provides details such as the assets identification numbers, date of acquisition, descriptions, serial number, locations, costs, depreciation rates and such other important information that are associated with the assets.

## **Recommendations**

We acknowledged during the audit some administrative assets were coded. However, we recommend that serial number and Identification number be stated in the Fixed Asset Register where possible. It is an important control over the completeness of the recording and safe custody of the assets and it helps to safeguard against assets being easily miss used and stolen. It will also help in identifying assets that have become damaged and or obsolete.

## **Management comments**

- (a) The Fixed Asset Register was subsequently updated with serial numbers (where possible) and an updated register was given to the Auditors.
- (b) Whilst we are looking at the possibility of installing ID on new pontoons, we are uncertain about how this can be done for wire ropes and anchor chains.

## **5. Operating Segment**

### **Reporting matter**

The Corporation was directed by the Cabinet, resulting from a meeting held on June 25 2013, to transfer the Bitumen Plant at Garden of Eden from the supervision of the Transport and Harbours Department to the Corporation. At the time of takeover, the following were not available:

- (a) Financial statements for the Plant as confirmed by management.
- (b) There was no formal agreement of the handing over to identify the assets of the Plant. Consequently, the Corporation's financial statements only include the fixed assets and inventories which were valued by the management.
- (c) Included in the fixed assets were two motor vehicles GJJ 358 and PDD 9552 which we verified to be in the name of Transport and Harbour Department. Further the vehicle PDD 9552 is not in working condition.
- (d) In addition, the corporation does not have inventory system for the receipts and issues of the Plant's inventories. Instead management maintained an excel spreadsheet of what was taken over and how much is being issued.
- (e) We noted that all inventories purchased including bitumen, spares, fuel, etc. are charged as expense immediately rather than when they are used.

## Effect

There may possibilities of incomplete transactions relating to assets and liabilities not included

## Recommendation

We recommend that the Corporation should confirm with the Ministry of Public Infrastructure, the position of the operation taken over, including all assets and liabilities.

## Management comments

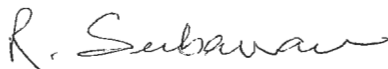
### Responses to (d) and (e)

- (a) Management had implemented (in July 2015) a new accounting software (QuickBooks) to manage both accounting and inventory functions and the operation of the asphalt plant.
- (b) Parts that were not used were brought back into stock and for current purchases of new parts, only is used will be charged to expense.

The other items mentioned are used in the production of asphalt (quantity varies) and are accounted for in the production records.

We would like to take this opportunity to thank management for their co-operation and assistance during the course of our audit.

Yours sincerely,



R. Seebarran